

27 MAY 1971

OGC Has Reviewed

MEMORANDUM FOR THE RECORD

SUBJECT : Death and Retiree Travel Benefits

REFERENCE: Memo fr DD/S for Ex. Dir. -Compt., Subj: Administrative Authorities, dtd 21 April 1971

1. The recommendations in paragraph 6(b) and (c) of the referent memorandum were discussed with the Executive Director-Comptroller on 13 May 1971.

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2. At this meeting I explained to the Executive Director that if applied strictly, an employee would have to retire exactly on the day he became eligible for retirement as determined by [REDACTED] paragraph 6(b) of the referent memorandum, or exactly on his 62nd birthday, paragraph 6(c) of the referent memorandum. Obviously, to apply these two approved recommendations strictly would mean that the employees concerned would have to be separated for retirement on scattered days of a pay period. This could operate not only to their detriment, because they could lose some accrual of leave, but also to the detriment of orderly and sound exit-processing.

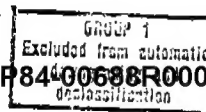
3. Accordingly, the Executive Director approved my recommendation that an employee affected by these recommendations would be permitted to retire at the close of the pay period in which his scheduled retirement would occur or in which he reached his 62nd birthday and that this slight extension of retirement date would not deny him entitlement to the retiree travel benefits covered in the referent memorandum.

4. By this Memorandum for the Record I am delegating to the Deputy Director of Personnel for Special Programs the authority to extend the retirement date of individuals to the end of the pay period in which their scheduled retirement date or age 62 occurs and to authorize retiree travel benefits in these cases. Any instance where this extension would carry the employee beyond the end of the fiscal or calendar year should first be brought to my attention before any change in retirement date is made.

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[REDACTED]
Harry B. Fisher
Director of Personnel

SECRET



The attachment hereto, forwarded to you for your information, describes a benefit recently approved for persons who retire under the Civil Service System. The effective date is 26 April 1971.

The Retirement Affairs Division will advise each prospective retiree who qualifies (see (a), (b) and (c) in paragraph 6 of the memorandum) of this benefit. Central Processing Branch is to be contacted for information and guidance on the procedure to be followed by retirees who plan to relocate to a retirement site.

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Let us recognize at the outset that our concern for inducing retirements is because the Agency must reduce its work force by 30 June 1972. It should be a valid assumption, therefore, that the Agency will effect terminations by other means also, and not rely solely on retirements. To emphasize retirement to the exclusion of (or to the appearance of excluding) selection out would be a mistake because:

- a. It is doubtful retirements would be induced in the numbers needed.
- b. It would make the retirement process appear to be management's method of making "cuts" rather than a dignified process at the end of an honorable career.
- c. It would let slip the opportunity to select out those persons of lesser value or ability but who are not eligible for retirement.

Historically, the Agency has been reluctant to "bite the bullet" on selection out and has, instead, looked for retirement to offer the easier route for managers to follow. If, however, an Agency reduced in size is to be effective and hard hitting, it follows that employees retained should be the most effective ones. Assuming, therefore, that selection out will be used also, here are some proposals for stimulating retirements.

The proposals that follow have not been researched as to legality. The idea here was to surface ideas for consideration. Those that seem attractive or offer promise may be researched and developed in depth.

No. 1 Gradual Retirement or Transition Plan

If a person agrees to retire by 30 June 1972, he will be permitted administrative leave (no charge to annual leave) to prepare for his retirement. Beginning immediately, he could be given time off to search for another job, to investigate various retirement locations, to take courses at school during the day, or merely to start getting accustomed to doing nothing. He would be on full pay and would be permitted up to 40 hours a week to pursue his retirement plans.

It seems that this option could be authorized within the Agency with relative ease.

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No. 2 Terminal Promotions

If a person agrees to retire by 30 June 1972, he will be promoted in the last month before he retires. This will secure for him a higher FEGLI coverage and a higher lump sum payment of unused annual leave. (This is a variation of retirement bonus). I don't know how this would affect our exercise on average grade--the person would be off our rolls by 30 June 1972 if that makes a difference. This option seems to be one we could implement easily.

No. 3 Training for "Retreading"

If a person retires by 30 June 1972, use the Director's authority to approve training or education for one academic year. This could be used in conjunction with No. 1 above, but not necessarily. The training could, therefore, be before or after the actual retirement. This, too, seems to be a plan we could effect easily.

No. 4 Special Hospitalization Plan

Some of our employees have very heavy expenses for the care of aged parents and are reluctant to retire on an annuity while they have this responsibility. Would it be possible to set up a special plan to cover very high expenses for hospitalization and nursing home if the employees retire by 30 June 1972?

No. 5 Paid Ready Reserve

On the rationale that a drastic cut might relieve the Agency of skills it would require from time to time, we could put into a paid Ready Reserve selected employees who, by 30 June 1972, retire at any time one to three years in advance of their scheduled retirement dates. Since their value to the Agency would decrease in time, retirees could be in the Ready Reserve for only three years. Compensation would be 50 percent of annuity for the first year, 25 percent the second year, and 12 1/2 percent the third and last year. This option, while attractive, has three distinct disadvantages: (1) The person would be denying himself three years service toward his final, lifelong annuity; (2) It would require manpower to administer; and (3) Accepting the rationale to justify this plan, it would be difficult for the Agency to use the plan only for retirees in FY-72. Undoubtedly the rationale could require that some resignees be included in the Ready Reserve, too.

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This is another version of a Reserve arrangement. The Navy had a Fleet Reserve program which, if I understand it correctly, ran something like this: A man retired on 20 years and drew that annuity, remained in the Fleet Reserve (on call for national emergency) for 10 years, after which time he "re-retired" on 30 years with either that annuity or something higher than the 20-year annuity. Could the Agency establish something similar? We could require that a person who retires in advance of his scheduled date (1) be subject to recall and (2) pay the 7 percent contributions based on fixed salary at time of retirement. When the retiree reached his mandatory retirement date, his annuity would be increased to reflect the additional service spent in the "Fleet Reserve". Admittedly, this option would need more study and probably could not be launched in this Fiscal Year, but it might be worthwhile considering.

No. 7 Retirement Bonus

On the rationale that employees who retire voluntarily before 30 June 1972 are cutting short their working careers in the best interests of the Agency, can the DCI approve retirement bonuses? We could, for example, pay \$1,000.00 per year, not to exceed three years. If the DCI's authority could be used to approve retirement relocation benefits, it seems that the same approach could be used for this purpose.

No. 8 Increase Involuntary CIARDS Retirements


This could be used for all persons who are in the low 5 percent in their career services, who are in CIARDS and who have 25 years service.

No. 9 History and Other Special Projects

Identify, now, all histories that need to be written in the next two years and any special studies of a similar nature. Do not hire any more retired persons on contract. Instead, take on persons who will retire voluntarily by 30 June 1972 to do this work, with the commitment that they can remain on contract (either on a working or retainer basis) for one year after retirement.

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All of the above proposals are merely ideas. A lot of selectivity would have to be a part of the extent to which each would be used. Another idea occurs that might also be of use: All persons who agree to retire by 30 June 1972 could immediately be converted to a Special Transitional Category of contract employee. This could remove from the staff complement, for a major portion of the fiscal year, the effects of their grades and salaries. This might be meaningless but, on the other hand, it might serve a use in that occult science of average grade control. The Special Transitional contract could carry all the benefits of staff status.


Deputy Chief

Retirement Affairs Division

STATINTL

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This Notice Expires 1 July 1972

PERSONNEL

2 August 1971

STATINTL

EXTENSION OF CIVIL SERVICE DISCONTINUED SERVICE RETIREMENT
AND CIA INVOLUNTARY RETIREMENT

REFERENCE: [REDACTED] dated 2 March 1971 expired 1 August 1971

1. [REDACTED] dated 2 March 1971 announced the continuation through 30 June 1971 of liberalized procedures for the retirement of employees under the discontinued service provisions of the Civil Service Retirement Act and the involuntary provisions of the CIA Retirement and Disability System. The liberalized procedures allowed the Agency to accept requests for resignation and retirement of employees who met all the requirements for involuntary retirement and who were willing to be retired as surplus during such periods as the Agency at large was in a surplus condition.

2. To retire under these provisions an employee must meet the following requirements:

Civil Service System

- a. Have attained 50 years of age and have completed 20 years of creditable Federal service, or
- b. Have completed 25 years of creditable Federal service at any age.

CIA Retirement and Disability System

Have completed 25 years of creditable Federal service at any age, have 10 years service with CIA and 60 months of qualifying service.

3. It is anticipated that the Agency will reach its currently authorized ceiling by 31 December 1971. Therefore, on an Agency-wide basis, the retirement options described above are available only to employees who retire by 31 December 1971. Qualified employees who wish to retire under these options should declare their intent prior to 1 November 1971 to accomplish the necessary processing by 31 December 1971. After the Agency has reached its ceiling authorization, now expected to take place by 31 December 1971, the retirement options described above will be available only to those employees in Career Services belonging to a directorate (including O/DCI) where a personnel surplus exists.

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PERSONNEL

4. Operating Officials will ensure that the provisions of this notice are brought to the attention of all personnel who are in the zone of consideration for retirement under these special authorities. Employees who desire additional information should contact their personnel officers.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

ROBERT S. WATTLES
Acting Deputy Director
for Support

DISTRIBUTION: ALL EMPLOYEES

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